



Remarks by

***The Honorable Michael E. Fryzel
Board Member
National Credit Union Administration***

At the

***National Association of Federal Credit Unions
Congressional Caucus***

In

Washington, D.C.

Tuesday, September 22, 2009

Thank you. Fred. It is a pleasure to address the NAFCU Congressional Caucus today.

This is the fourth time in 12 months I have had the opportunity to address a NAFCU audience and, as I have done before, I want to express my sincere thanks for your well considered input and advice during this most difficult time.

When NCUA needed your support for increasing the Central Liquidity Fund ceiling last fall, NAFCU was there. When the Corporate Stabilization Plan was presented to Congress— you stepped forward to contact your Congressmen and worked to get this much-needed legislation passed.

And your efforts have not ceased. You will be doing much here during your four day caucus, and I commend you for it. When you visit your representatives and their staffs on Capitol Hill, I hope you thank them for their efforts on credit union's behalf over the last year—and remind them, of the good work credit unions have been doing—extending credit when other lenders have cut back, keeping rates low for members, and working to keep members in their homes. I hope you continue to exchange and develop ideas for moving credit unions forward to even greater success.

This last year has been challenging. In fact, it has been the gravest crisis in the 100-year history of credit unions in the United States. The decline in the housing market, the astonishing shocks to Wall Street firms, the failure of major banks, the wholesale employee layoffs from major industries, the failure of businesses across the nation, the severe declines in net worth's of families—all are at levels no one could have predicted 15 months ago.

These traumas caused severe distress in our own movement and led to NCUA—as well as the federal government—to take drastic action to assure that conditions did not become even worse. You put your shoulder to the wheel as part of this effort, and we at NCUA are very grateful.

On account of these troubles, when I have spoken in the weeks and months past, you have heard me discuss our difficulties, and how we had to address the hardships and offer the hard solutions that were called for.

We face another challenging year ahead. So long as unemployment remains high we will see bankruptcies, toxic mortgage-backed securities, and members whose families are extremely stressed.

But this recession is going to end. We are going to move ahead. And in the words of Winston Churchill, we may not be at the beginning of the end, but we may perhaps be at the end of the beginning.

I believe that we can now see that conditions are going to improve. And while we cannot rest from working hard to solve the problems we have today. We are where we should look to positioning ourselves for the recovery that is bound to come.

While we cannot rest from working on a new corporate structure or maintaining adequate liquidity in our system, I believe, we must position ourselves for growth, and ensure that this growth is going to best help our members.

How are we going to do this? There are times of peril when a common danger calls out a united response. In our country's history, we have aligned in common purpose in times of distress. Pearl Harbor, and more recently, 9/11 were such times; the country rallied from the damage and united, made bold and concentrated efforts.

To this point we have done as well, we have faced adversity together, and we must continue to do so until it has gone away. We have to keep our vision in the same direction, focus on our common goals, and cooperate to reach them—regulator and regulated, small credit unions and large.

But while we continue to tackle the tasks immediately at hand, we need also to look beyond the time when these jobs will have been completed, when our corporate structure is again healthy and strong. We need to anticipate the time when the recession is turning and we can once again look to mending and bolstering our natural person credit unions, to strengthening our share insurance fund, and to improving the financial lives of credit union members.

One topic of consideration is member business loans. Now more than ever people are eager to get back to work, to start up their business, or to take advantage of other companies leaving their markets. They want loans to retain and create jobs. These people are entrepreneurs, persons who can help turn our economy around. As best we can we should help them in their efforts.

We should extend them credit, but only with the proper safeguards in place.

Some credit unions have done member business loans quite well. These have been credit unions that have hired experts in business lending who have been able to help steer away from bad lending decisions and toward robust and fruitful lending. Others, lacking the knowledge, skills, and expertise required for member business loans have not.

There is a niche for credit unions to provide this important service. We must make sure it is done in a safe and sound manner.

There are other issues that must be addressed in the near future. An in-house consumer protection facility is moving forward at NCUA, and alternative capital is being explored as a tool for credit unions. These discussions will continue as will improve regulatory control.

I want to again emphasize that although structural and systematic issues are important, we need to look beyond the present and the near future to how we can help our members recover and build better lives for themselves. This is what we have always done best and how we can continue to attract new faces to our movement.

We have to show members and non-members alike, politicians, and media persons, that not-for-profit financial cooperatives deliver better products and services, at lower prices than do other financial service providers. We need to continue to shower the nation that , we exist not for profit, not for charity, but for service, and that we stand behind what we say. If we do this right, who would not see that the value they receive at a credit union, is the best financial services' value in America?

Are we important? I venture to say that we are. The Episcopal Church in the United States boasts 2 million members. Labor unions in this country boast 16 million members. The A.A.R.P. claims 40 million members but, credit unions have 90 million members. We are a huge, huge movement. What we do directly affects one-third of all American and by extension far more.

What you do across this country is vital, and what you do here in Washington, is critical. Over these four days, please and talk to Congress. Brainstorm amongst yourselves for increasing better ideas, and pass them along to us.

What lies ahead is an end to this recession. It will be a time when people will be hired, the economic skies will brighten. We will grow again, and as we do, we must find new ways to retool, reenergize and rededicate ourselves to our core mission, that of selflessly improving the financial lives of those who chose to join us in membership. It is for these people that we work, and by helping them we help everyone

Again I thank you for your ideas and suggestion, which have always been positive and sound. I thank you for your past support and for standing against our common dangers with hard work and resolve.

I know you will keep to your task. As we look to when times return to normal and when we can place more of our concentration on our primary mission of----

People Helping People.

We can do this together. And when we do, we will have succeeded.

Thank you for coming to Washington, and thank you for listening.